



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 90-25 – Regulations Governing the Certification of Nurse Aides Department of Health Professions January 20, 2005

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.G of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The Board of Nursing (board) proposes to increase the biennial renewal fee for certified nurse aides (CNAs) from \$45 to \$50.

Estimated Economic Impact

The Department of Health Professions (department) projects that the certified nurse aide program will incur a deficit of approximately \$400,000 in Fiscal Year 2005 if no action is taken to increase revenue. The department reports that by Fiscal Year 2009-10 the effect of reduction in Medicaid funding and inaction by the board would be a cumulative shortfall in the CNA budget of approximately \$3 million.

Under the current regulations, certified nurse aides pay \$45 every two years to remain certified. The board proposes to raise this fee to \$50. The higher fee will not be sufficient to cover the shortfalls in revenues compared to the costs of regulating CNAs. According to the department, without any supplemental funding, the biennial renewal fee would have to be

increased to approximately \$90 by the end of Fiscal Year 2004-05. The board believes that such a large increase would cause a major reduction in the number of nurse aides willing to renew their certificates, particularly at time when there is an acknowledged shortage in the nursing field. Thus, the board proposes to raise the fee to \$50 every two years, rather than the \$90 that would be needed to cover the costs of the CNA program that are not covered with other funds such as Medicaid.

In order to make up the difference, the board plans to subsidize the regulation of CNAs via fees collected from the other professions regulated by the board – principally registered nurses (RNs) and licensed practical nurses (LPNs). Current department projections indicate that recent fee increases for RNs and LPNs will be sufficient over the next 3 biennia to provide supplemental funding for the CNA program. According to the department, CNA renewal fees could be increased by \$5 per biennium and the board would still be able to balance its budget through Fiscal Year 2009-10.

The proposed \$5 fee increase will reduce CNAs' net worth commensurately. Plus, subsidizing the regulation of CNAs by use of fees paid by RNs and LPNs indicates that RNs and LPNs could be regulated with those professionals paying lower fees than they are currently required to pay. On the other hand, regulating nurse aides does produce public benefits. Nurse aides typically care for vulnerable people in long-term nursing and assisted living facilities and those in need of daily care in the home. Board disciplinary actions against abusive CNAs can help prevent future abuse of vulnerable patients.

Businesses and Entities Affected

The proposed amendments affect the approximately 40,000 certified nurse aides¹ in Virginia, as well their employers, patients, and nurses.

Localities Particularly Affected

The proposed regulations affect all Virginia localities.

Projected Impact on Employment

The proposed fee increase of \$5 over two years will likely not significantly affect employment levels.

Effects on the Use and Value of Private Property

The proposed \$5 fee increase will reduce CNAs net worth commensurately.

¹ Figure source: Department of Health Professions